

ADM-15.06, "Special Funds Accounts," September 1, 2004

SCDC POLICY/PROCEDURE

Change 1 to "15.06" : 4.14.2

Change 2 to ADM-15.06: 2.2

Change 3 to ADM-15.06:2.2

NUMBER: ADM-15.06

TITLE: SPECIAL FUNDS ACCOUNTS

ISSUE DATE: SEPTEMBER 1, 2004

RESPONSIBLE AUTHORITY: DIVISION OF BUDGET AND FINANCE

OPERATIONS MANUAL: ADMINISTRATION

SUPERSEDES: ADM-15.06 (June 1, 2002)

RELEVANT SCDC FORM/SUPPLIES: 15-7, 15-22, 21-20

ACA/CAC STANDARDS: 3-ACRS-1B-02, 3-ACRS-1B-07, 3-ACRS-1B-08, 3-ACRS-1B-09, 3-4031, 3-4033, 3-4034, 3-4035

STATE/FEDERAL STATUTES: Section 24-3-960

THE LANGUAGE USED IN THIS POLICY/PROCEDURE DOES NOT CREATE AN EMPLOYMENT CONTRACT BETWEEN THE EMPLOYEE AND THE AGENCY. THIS POLICY/PROCEDURE DOES NOT CREATE ANY CONTRACTUAL RIGHTS OR ENTITLEMENTS. THE AGENCY RESERVES THE RIGHT TO REVISE THE CONTENTS OF THIS POLICY/PROCEDURE, IN WHOLE OR IN PART. NO PROMISES OR ASSURANCES, WHETHER WRITTEN OR ORAL, WHICH ARE CONTRARY TO OR INCONSISTENT WITH THE TERMS OF THIS PARAGRAPH CREATE ANY CONTRACT OF EMPLOYMENT.

PURPOSE: To establish guidelines for the source, management, oversight, and use of funds derived from authorized special activities and projects conducted by approved inmate service organizations, vocational school projects, and/or chapel special fund accounts.

POLICY STATEMENT: To ensure accountability and to accommodate various groups within the Agency that are involved in approved activities and projects (that do not involve the expenditure of institutional funds) for the welfare and benefit of all inmates, the Agency will maintain a Special Funds Account. Donations to and proceeds from these activities and projects will be combined under the Special Funds Accounts and will be earmarked accordingly. (3-ACRS-1B-02, 3-ACRS-1B-08, 3-4031)

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SPECIFIC PROCEDURES:

1. RESPONSIBILITY: Funds for special activities will be combined under the Special Funds Account and will be managed by the Financial Accounting Branch. The methods used for depositing, withdrawing, and documenting monetary transfers and for safeguarding monies within the Special Funds Account will be accomplished in strict compliance with applicable state and federal statutes, regulations, guidelines, and generally accepted accounting procedures.(3-ACRS-1B-02, 3-ACRS-1B-08, 3-4031)

2. ESTABLISHMENT OF A SPECIAL FUND ACCOUNT:

2.1 To initiate a fund in the Special Funds Account, a written request approved by the Warden or Division Director must be submitted to the Chief, Financial Accounting Branch, for approval. Unless otherwise indicated in Section 7 through 10, below, the request must, at a minimum, contain the following information:

- proposed title of the fund;
- purpose of the organization;
- anticipated fund raising activities, if any; and
- name of the employee who will serve as the Designated Fund Manager. A listing of authorized employees and signatures must be provided on SCDC Form 15-22, "Special Funds Authorized Signatures," to the Financial Accounting Branch, Special Funds Desk. (NOTE: A new SCDC Form 15-22 must be completed any time that changes are made.)

2.2 Special Funds Accounts will be approved for Worship Center Funds, Inmate Welfare Funds, a Drug Interdiction Confiscated Fund, and a Victim Services Fund, as provided for in Sections 7 through 10, below. The only other Special Funds Accounts that will be approved will be for the following purposes:

- Inmate Representative Committees authorized under SCDC Policy/Procedure PS-10.03, "Inmate Representative Committees";
- Vocational educational purposes, for use only to receive payments (from "customers" of the programs) which are used to offset the cost of materials and supplies for the training programs. (Requests must be submitted through the appropriate Warden or Division Director and the Division Director of Educational Services for approval prior to submission to the Chief, Financial Accounting Branch.);
- Recycling, for receipt of monies from the sale of aluminum cans to be used ~~for institutional maintenance projects (ground or building)~~ at the Warden's discretion for institutional needs. (Amended by Change 2 to ADM-15.06, dated July 8, 2011.) Funds may be used to provide for no more than two (2) employee recognition/appreciation events per fiscal year, per division/institution. The cost is limited to no more than \$12.00 per employee, per event and must be approved by the institution's Regional Director/Division Director; (Amended by Change 3 to ADM-15.06, dated October 3, 2012.)
- Clinical Pastoral Education, for receipt of participants' contributions to be used to continue the Clinical Pastoral Education program, Management Review, and library books;
- Central Office Volunteer services for receipt of contributions and transfers to be used to enhance volunteer programs, recognition and training of divisional staff, e.g., Kairos, and Prison Fellowship within the Agency;
- Central Office Athletics, for receipt of contributions and transfers to be used to enhance SCDC's inmate athletic, hobbycraft, and wellness programs, recognition and training of recreational staff, support of volunteers providing recreation, e.g., St. Prison Ministry; and

- Central Office/Institutional Religious, for receipt of contributions and transfers to be used to purchase supplies, materials, and equipment, recognition and training of religious staff, support of volunteer sponsored programs, e.g., Adopt-A-Prison to benefit the Agency's religious programs.

2.3 Upon approval, the Chief, Financial Accounting Branch, or an authorized designee will issue to the Designated Fund Manager detailed procedures for maintaining records of receipts and expenditures.

3. DEPOSITS TO SPECIAL FUNDS ACCOUNTS:

3.1 The Warden and/or Division Director will be responsible for the security of any funds received for deposit. Where applicable, lockable bank bags should be provided to and used by Designated Fund Managers. At the institutional level, all funds should be placed in the bag and turned in to the Control Room or other approved secured area and dropped in a locked box. When practical, all donations and/or collections will be deposited in the bank within three (3) working days and will always be deposited at least once per week unless no funds are received in a particular week.

3.2 The Designated Fund Manager will issue pre-numbered receipts for all monies remitted for deposit. Monies collected at the institution for postage, copies, meal tickets, personal phone calls, and other related items will be deposited in the Special Funds Account. The deposit slip should clearly state the type of funds collected and the budget class code to which funds are to be credited. Information regarding the source of the deposit and the Special Funds Account title and account number must be clearly printed on the deposit slip. Carbon copies of deposit slips validated by the bank must be forwarded to the Financial Accounting Branch within three (3) working days.

3.3 Upon receipt of the deposit slip, the Financial Accounting Branch will issue an official SCDC Cash Receipt, and the original copy will be forwarded to the Designated Fund Manager. The Financial Accounting Branch will use the deposit slip to place the funds in a clearing account for subsequent transfer to the appropriate budget code. (3-ACRS-1B-07, 3-ACRS-1B-08, 3-4031, 3-4033, 3-4034)

4. WITHDRAWALS FROM SPECIAL FUNDS ACCOUNTS

4.1 Purchases Under ~~\$500.00~~ \$1000.00: Requests to purchase supplies and/or equipment for under ~~\$500.00~~ \$1000.00 from a special fund must be submitted on SCDC Form 15-7, "Special Funds Withdrawal," to the Financial Accounting Branch, Special Funds Desk, prior to purchase. All requests are subject to final approval by the Chief, Financial Accounting Branch. All requests must include a minimum of two (2) authorized employee signatures (as shown on the SCDC Form 15-22, "Special Funds Authorized Signatures"), one (1) of which must be the Designated Fund Manager or appropriate Warden or Division Director.

4.2 Purchases of ~~\$500.00~~ \$1000.00 or More:

- SCDC Form 15-7, "Special Funds Withdrawal," must be completed with necessary approval signatures (as shown on the SCDC Form 15-22, "Special Funds Authorized Signatures");
- SCDC Form 21-20, "Requisition/Record," must be completed pursuant to SCDC Policy/Procedure ADM-12.01, "Procurement of Commodities and Services," and signed by the requesting employee;
- The original copy of SCDC Form 15-7 and the original and #BBBB00 copy of SCDC Form 21-20 must be forwarded to the Financial Accounting Branch, Special Funds Desk;
- The availability of funds will be verified by the Financial Accounting Branch and, if funds are available, SCDC Form 21-20 will be forwarded to the Purchasing Branch so that a purchase order can be issued; (NOTE: No purchase order is required for payment of charitable contributions as permitted by SCDC Policy/ Procedure PS-10.03, "Inmate Representative Committees.")
- Invoices will be submitted to the Financial Accounting Branch, Special Funds Section for comparison with the purchase order;
- Designated Fund Managers will be required to forward to the Financial Accounting Branch, Special Funds Desk, a copy of the packing slip (or SCDC receiving slip) with the receiving employees signature indicating receipt of the item and approval for payment. Upon receipt, Financial Accounting Branch staff will remit payment to the vendor. (3-ACRS-1B-08, 3-4033, 3-4034)

5. INACTIVE ACCOUNTS: If there is no financial activity related to an account for at least six (6) months and/or no monies remain, the Warden should notify the Chief, Financial Accounting Branch, in writing to close the account. If monies remain, but the sponsoring organization is inactive or disbanded, the Warden or Division Director will adhere to the following:

- If funds were collected by an inmate organization, then the group should direct the transfer of funds to another Special Funds Account;
- In other circumstances, the Warden or Division Director should contact the Chief, Financial Accounting Branch for guidance.

6. MONTHLY BALANCES: A ledger of receipts and disbursements will be prepared by the Financial Accounting Branch on the Special Funds Account at the end of each month, and end-of-the month balances will be available by the tenth of the following month. On a monthly basis, Designated Fund Managers will reconcile receipts issued to inmates to the deposits recorded on the accounting trial balance and verify withdrawals. (3-ACRS-1B-08, 3-4031, 3-4034)

7. WORSHIP CENTER FUND: A Worship Center Special Fund may be established after obtaining approval from the Agency Director for the construction of a Worship Center. A Worship Center Special Fund may receive donations but may not have fund raising activities. All donations from SCDC sources for Worship Centers must be placed in the Worship Center Special Fund. There will be no expenditures directly from a Worship Center Special Fund. Disbursements will consist of transfers by the Financial Accounting Branch to Capital Projects Funds. All other procedures included in this policy/procedure for Special Fund Accounts will apply.

8. INMATE WELFARE FUND: Contributions from all work program inmates will be combined into one (1) fund under the Division Director of Operations. Items purchased will be for the benefit and/or welfare of inmates housed at Agency Pre-Release Centers. Requests will be initiated and signed by the Warden, then submitted to the Division Director of Operations for approval. All other procedures included in this policy/procedure for Special Fund Accounts will apply.

9. DRUG INTERDICTION CONFISCATED FUND:

- The Division Director of Security or designee and the Chief, Financial Accounting Branch, are jointly responsible for the administration and management of this fund. Money turned in for deposit that is confiscated from an inmate will have the name and SCDC number and the location of the inmate printed on the deposit slip. Monies found in common areas, which are not in the possession of an inmate, will also be deposited in this account. The Financial Accounting Branch, Special Funds Desk, will submit an official SCDC receipt to the Designated Fund Manager making the remittance. A copy will be attached to the transmitting document and retained in the Special Funds Account files.
- If charges against an inmate concerning a deposit are dismissed or if there is a finding of not guilty, SCDC Form 15-7, "Special Funds Withdrawal," will be completed by the Designated Fund Manager to request that the money be withdrawn from the Special Funds Account. A copy of the official SCDC receipt showing proof of deposit will be submitted with SCDC Form 15-7.
- All monies seized will be deposited into the Drug Interdiction Confiscated Fund and will be used by the SCDC to aid in drug interdiction efforts. After the deposit is made, the money will become part of the Drug Interdiction Confiscated Fund and will no longer be identified with the inmate from whom it was taken. All other aspects of these procedures for Special Funds Accounts will apply.

10. VICTIM SERVICE FUND:

- The Agency Director and the Chief, Financial Accounting Branch, are jointly responsible for the administration and management of this fund.
- The Division of Inmate Services will instruct the Financial Accounting Branch to transfer funds from the Inmate Representative Committees to the Victim Service Fund in accordance with SCDC Policy/Procedure PS-10.03, "Inmate Representative Committees."
- Funds may be utilized for the benefit of individual victims registered with the Agency for victim service organizations which provide services to crime victims, or for victim service program ventures initiated by the SCDC. The recipient must agree to identify SCDC as the source of funding.
- Funding will not be provided for programs and direct services covered by the State Victim Compensation Fund or by other state or local government entities or by an insurance policy.

11. QUARTERLY AUDITS:

11.1 To promote accountability, all Special Funds Accounts will be audited on a quarterly basis. Each Warden will designate an employee (other than the Designated Fund Manager or any other employee authorized to collect or record transactions to or from any Special Funds Account) to oversee and perform quarterly audits of Special Funds Accounts. The audits are to ensure the collection, safeguarding, and disbursement of monies in compliance with these procedures by verifying, at a minimum, the following:

- accounting ledgers are maintained and accurate;
- receipts and/or purchase orders exist for all disbursements;
- deposit and receipt procedures are followed; and
- revenue from any sales appears to be reasonable based on the project activity. (3-ACRS-1B-09, 3-4035)

11.2 Audit Schedule: Audits should be conducted during the month following the quarter being audited. A copy of the report (Attachment 2) should be received by the Audit Section, Office of Budget and Resource

Management no later than the last day of the month in which the audit was conducted. For example: The audit of the first quarter (January, February, and March) would be conducted in April, and the report would be due to the Audit Section by April 30. Any problem areas should be immediately reported to the Chief, Financial Accounting Branch.

11.3 Special Funds Audit Worksheet:

- The "Audit Worksheet" will be used as a checklist in conducting the audit. (See Attachment 1.)
- The balances in each fund should be reconciled between institution records and SCDC records as of the last day of the quarter.
- All sample transactions selected for review should be spread out over the whole quarter. If there are less than five (5) receipts or expenditure transactions, then all such transactions will be tested. If no transactions have taken place, items 1 and 2 and the Balance/Reconciliation will be accomplished. (NOTE: Facilities may wish to develop their own worksheets to assist with tracking and correcting any problems they identify. Worksheets should be maintained on file for three (3) years. However, worksheets should not be sent to the Audit Section.)

11.4 Special Funds Audit Report:

- The balance/reconciliation part of the "Audit Worksheet" should have all information necessary to complete this report. (See Attachment 2 for an example of the format that should be used for this report.) Each organization/fund and its corresponding data, i.e., prior balance (end of previous quarter), total receipts (should be same as total deposits), total expenditures, and the ending balance (as of the last day of the quarter) should be listed.
- The report should be signed by the individual performing the audit and initialed by the Warden. The report should be maintained on file for three (3) years.

12. DEFINITIONS:

Designated Fund Manager refers to an employee designated by the Warden or Division Director to be responsible for all transactions and records concerning any special funds.

Drug Interdiction Confiscated Fund refers to a special fund comprised of confiscated money which has been permanently forfeited by inmates (to include Labor Crew inmates) as a result of determinations made during disciplinary hearings of unlawful possession of money by those inmates. Pursuant to state statutes, such confiscated funds will be used by the Agency to aid in drug interdiction efforts.

Inmate Welfare Fund refers to a special fund supported by contributions from inmates on work programs who have violated a minor work program regulation or rule. (NOTE: Refer to program policies issued by the Division of Classification and Inmate Records for additional information. Labor crew inmates do not contribute to this fund.)

Victim Services Fund refers to a special fund comprised of money donated from inmate organizations as provided by SCDC Policy/Procedure PS-10.03, " Inmate Representative Committees."

SIGNATURE ON FILE

—

s/Jon E. Ozmint, Director

ORIGINAL SIGNED COPY MAINTAINED IN THE DIVISION OF POLICY DEVELOPMENT.

Attachment 1

SPECIAL FUNDS AUDIT WORKSHEET

Institution: _____

Organization: _____

Calendar Year: _____ QTR (Circle One): JFM AMJ JAS OND

Audit Checklist:

_____ 1. Agreed balance of fund manager/institutional records to the balance of the SCDC balance of the SCDC system records as of the end of the Quarter.

_____ 2. Reconciled any differences noted in balances that may be caused by delays in recording deposits at Headquarters or expenditures at the institution.

_____ 3. Agreed total receipts per receipt books to total deposits per deposit slips.

_____ 4. Agreed total deposits for the Quarter in the institution records to total deposits in the SCDC system records.

_____5. Agreed total expenditures for the quarter in the institution records to total expenditures in the SCDC system records.

_____6. Reviewed at least five (5) receipts for the following:

_____ Traced receipt to bank validated slip;

_____ Confirmed that deposit was made within one (1) week;

Traced date and amount from deposit slip to:

_____ Institution records,

_____ SCDC system records, and

_____ a copy of the SCDC system receipt that should be attached to the deposit slip.

_____7. Reviewed at least five (5) expenditures for the following:

_____ Traced date and amount from expenditure request to:

_____ an SCDC check remittance stub (file with expenditure package) or check copy;

_____ a purchase order where amount (\$500) or purchase requires one (1);

_____ a receipt or invoice for items purchased (filed with expenditure package, i.e., request, purchase order, etc.).

_____8. If change is received from the purchase, traced the date and amount received to the appropriate validated deposit slip for redeposit.

_____9. Where sales are involved (i.e., camera projects, food sales, etc.), ensured that proper records are maintained of inventory purchased, issued, sold, and remaining.

_____10. Reviewed record of sales and determined that revenues are correct/reasonable based on record of sales and on inventory purchased/issued versus inventory remaining.

_____11. Reviewed procedures to ensure that internal accounting and security controls are in place and being followed.

Balance/Reconciliation:

SCDC System Balance (Beginning of Quarter/last report) _____

Add: Deposits _____

Subtract: Expenditures _____

SCDC System Balance (End of Quarter) _____

Reconciling Items

Add: Deposits in transit _____

Subtract: Expenditures recorded but not made _____

Other (Explain) _____

Reconciled Balance SCDC System _____

Balance on Institution records _____

Difference _____

Comments (problems/corrective action): _____

Audited By/Date _____

Attachment 2

SPECIAL FUNDS AUDIT REPORT

Institution: _____

Calendar Year: _____ QTR (Circle One): JFM AMJ JAS OND

BALANCE DATA AS OF THE LAST DAY OF APPLICABLE QUARTER:

ORGANIZATION	PRIOR BALANCE	RECEIPTS/ DEPOSITS	EXPENDITURES	ENDING BALANCE
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I certify that an audit was performed of each special fund account as directed by SCDC Policy/Procedure ADM-15.06, "Special Funds Accounts," and that the above institutional balances for each fund have been reconciled/agreed to the SCDC System record balances as of the date specified. I further certify that the Audit Worksheet provided by the Audit Section, Office of Budget and Resource Management has been completed for each fund and will be maintained on file for three years.

Audited by:_____ Date:_____

Wardens Initials:_____

Date:_____